



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Legislative Fiscal Analyst
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DATE: November 9, 2004

TO: Legislative Finance Committee

FROM: Taryn Purdy

RE: Potential Agency Cost Over-runs/Supplemental Requests

This memo is part of a regular update to the Legislative Finance Committee (LFC) actual or potential supplemental requests.

SUPPLEMENTAL APPROPRIATIONS INCLUDED IN THE EXECUTIVE BUDGET

The Governor has included requests for FY 2005 supplemental funding for 6 agencies, as shown in the following figure.

Executive Budget Supplemental Requests 2005 Biennium	
Agency/Purpose	General Fund
Judiciary	
District Court Costs	\$6,800,000
Corrections	
Increased Populations	3,000,000
Governor's Office	
Elected Official Payout	253,000
Commissioner of Political Practices	
Elected Official Payout	9,620
Justice	
Elected Official Payout*	24,000
Major Litigation	200,000
Highway Patrol Retirement Fund	363,762
DPHHS	
Child Support Enforcement	857,058
Foster Care	1,142,942
Total	<u>\$12,650,382</u>
*The executive is also requesting \$33,000 state special revenue and \$3,000 proprietary funds.	

Staff is reviewing these requests as part of the budget analysis and will include any comments or issues both within the individual agency narratives in Volumes 3 and 4, and in Volume 1 of that publication.

- 1) Judiciary – Previous reports have included an estimate of up to \$5.8 million for additional costs of District Court assumption, primarily in variable costs (those that fluctuate with caseload). In addition, the Judiciary must now pay for the costs of unfit to proceed evaluations at the Montana State Hospital¹. The executive includes an additional supplemental for \$1.0 million to pay these costs. Any payments will be deposited to the general fund, with the result that this portion of the supplemental request would have no net impact.
- 2) Corrections – As estimated in previous reports, the executive has included \$3 million for the Department of Corrections, primarily due to higher than anticipated populations and overtime.
- 3) Payout Costs for Elected Officials and Exempt Staff – Any employee exiting state service is entitled to a payout of a maximum number of accrued annual leave hours and ¼ of all accrued sick leave hours. Elected officials and their exempt staff, and any other official

¹ When the court orders a defendant in a criminal case to undergo an evaluation to determine if the person is fit to proceed in the case, costs are the responsibility of the district court.

leaving state service at the end of 2004, all qualify for this payout. Additional funds for two agencies are included in the executive budget. In addition, one agency is requesting payout costs for an employee not associated with elected official turnover. Please note that the actual amounts requested in HB 3 may differ from these totals:

- a) Governor's Office - \$253,000 for a number of exempt employees in the Governor's Office
- b) The Commissioner of Political Practices, whose 6 year term is also ending - \$9,620 for the outgoing commissioner
- c) Department of Justice - \$24,000 retirement payouts for a long-time employee
- 4) Department of Justice – The executive budget includes two additional supplemental appropriations for the Department of Justice:
 - a) Major Litigation – The executive requests \$200,000 for additional costs of major litigation. The legislature provides a biennial appropriation of \$400,000 for major litigation, and no funds remain in the appropriation
 - b) Highway Patrol Retirement Fund – This supplemental would allow deposit of the \$1.25 per vehicle fee for the Montana Highway Patrol pension trust fund as required by law. Sufficient authority was not requested in HB 2 to allow this transfer. There is no impact to the general fund, as the \$363,762 supplemental was already assumed in the level of transfers anticipated from the general fund.
- 5) Department of Public Health and Human Services (DPHHS) – The executive includes funding for two issues in DPHHS:
 - a) Child Support Enforcement Division – These funds would primarily replace declining and the continuation of lost revenues
 - b) Child and Family Services Division – The number of children for which the state can receive federal funding participation was recently determined to be fewer than anticipated, resulting in a shortfall in funding. For a further explanation, see the attached memo from Pat Gervais.

OTHER

As reported at the October 2004 meeting, no fire supplemental is anticipated at this time. In addition, in March it appeared likely that a supplemental would be required for K-12 education due to higher enrollment, and lower carryover funds and interest and income revenues. However, revenues increased and the Governor does not request any additional funding. The executive does request language appropriations authority for \$3 million general fund to make all Base aid payments should the interest and income revenues be lower than expected. No supplemental is projected at this time.